

**STATEMENT OF
CHAIRMAN STEVEN LATOURETTE
RAILROAD SUBCOMMITTEE
HEARING ON
“OPERATIONAL EXPERIENCE
UNDER THE 2001
RAILROAD RETIREMENT REFORM LAW”
MAY 10, 2006**

Good Morning. I'd like to welcome you all to this morning's hearing about “Operational Experience under the 2001 Railroad Retirement Reform Law.”

In 1998 this Subcommittee, under Chairman Jack Quinn, held a hearing about the need to reform our nation's Railroad Retirement system. At that time, the system was headed for a crisis.

Due to the severe downsizing of the industry, fewer and fewer employees were paying into the Railroad Retirement system. Meanwhile, the number of retirees and surviving spouses continued to increase.

Fortunately, after years of effort by rail labor, management and Members on both sides of this Committee, *The Railroad Retirement and Survivors' Improvement Act of 2001* was signed into law.

Enactment of this legislation was a great victory for railroad workers and their families, as well as the railroads themselves.

The 2001 legislation reduced the retirement age from sixty-two to sixty, provided enhanced Tier II benefits for retirees and their surviving spouses, and reduced taxes on current railroad employees.

We achieved all this by allowing the National Railroad Retirement Investment Trust to invest in a diversified portfolio, rather than exclusively in low-yield government securities.

In what is truly a pleasant surprise, the Investment Trust has performed far better than anyone ever expected back in 2001. The portfolio has grown remarkably and payroll taxes have actually declined.

Today, I am looking forward to hearing more about the success of the National Railroad Retirement Investment Trust, as well as any continuing issues faced by the Railroad Retirement Board, rail labor and management.